Gamuda (GAM MK)

Xin Chào Vietnam

	BUY (Upgraded)
Share Price	RM5.15
Target Price	RM5.88
Upside	14.2%

Highlights

- Ho Chih Minh's property market is riding on a structural upcycle, lifted by robust GDP growth and foreign direct investments, government reformation driving major infrastructure developments, and favourable demographic mix.
- Gamuda Land currently has five projects under construction, with total GDV of about RM9.5b. GL remains laser-focused on Vietnam, given strong take-up rates and profitability margin in recent launches. Project sustainability over the next few years is backed by another 3-5 landbank deals under negotiations.
- On-the-ground channel checks revealed that local government is planning to expand their urban rail (metro) system, and Gamuda Engineering (GE) is studying the feasibility to participate given their extensive railway and tunnelling track record. Upgrade to BUY. Target price: RM5.88 (from RM5.75).

Analysis

- **A Vietnam site visit with Gamuda Land.** The Gamuda Land (GL) team hosted an insightful site visit to further introduce the group's real estate exposure in Vietnam. The tour was well participated by several sell-side and buy-side institutional stakeholders. Key itineraries included detailed project briefings and strategies in Gamuda Land's Vietnam office, sharing of in-depth Vietnam property and infrastructure landscape by Savills, and on-the-ground visits for two of its quick turn-around projects (QTPs).
- **Topping-up ceremony for Eaton Park and Elysian.** Gamuda Land has a total of eight projects in Vietnam. Both Eaton Park and Elysian are relatively newer-launched QTPs and have received strong take-up rates in their respective launches. Notably, Eaton Park's Cove and Lagoon towers were 90% booked within hours of its exclusive launch last week. Meanwhile, Elysian's Phase 1 launching in July has also seen robust interest (fully sold).
- **Vietnam QTPs continues to play vital role for Gamuda Land's growth.** Management remains confident to achieve its new sales target of RM5.5b in FY26 (+34% yoy), largely augmented by better contributions from local launches and Vietnam's QTPs. Vietnam projects such as Springville, Eaton Park, Artisan Park, Elysian, Gamuda City Hai Phon, and others are expected to contribute RM3.1b in sales in FY26 (57% of GL's FY26 sales).

Key Financials

Year to 31 Jul (RMm)	FY24	FY25	FY26F	FY27F	FY28F
Net turnover	13,347	15,970	21,980	26,786	34,196
EBITDA	1,108	1,536	2,120	2,556	3,050
Operating profit	945	1,337	1,927	2,363	2,853
Net profit (rep./act.)	912	1,003	1,391	1,648	1,999
Net profit (adj.)	884	981	1,391	1,648	1,999
EPS	31.9	17.7	24.9	28.3	34.4
PE	16.0	28.8	20.5	18.0	14.8
P/B	1.2	2.4	2.2	2.2	2.1
EV/EBITDA	34.7	25.0	18.3	15.2	12.7
Dividend yield	3.1	2.0	2.4	2.9	3.9
Net margin	6.8	6.3	6.3	6.1	5.8
Net debt/(cash) to equity	45.8	57.2	65.7	67.1	69.3
Interest cover	6.4	8.6	10.8	10.4	11.3
ROE	9.4	8.6	11.2	12.5	14.3
Consensus net profit	-	-	1,412.5	1,787.5	2,013.0
UOBKH/Consensus (x)	-	-	0.98	0.91	0.99

Source: Gamuda, Bloomberg, UOB Kay Hian

Analyst(s)
Jack Goh
jackgoh@uobkayhian.com
(03) 2147 1943
Jack Lai
jacklai@uobkayhian.com
(03) 2147 1983

Stock Data

GICS Sector	**Consumer Discretionary**
Bloomberg ticker	GAM MK
Shares issued (m)	5,854.2
Market cap (RMm)	29,872.7
Market cap (US$m)	7,112.2
3-mth avg daily t'over (US$m)	19.3

Price Performance (%)

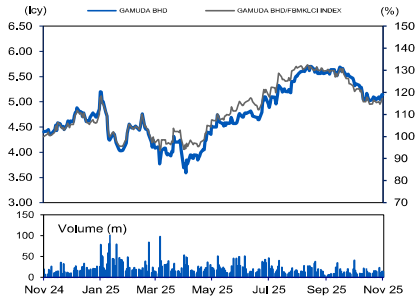
52-week high/low **RM5.80/RM3.48**

1mth	3mth	6mth	1yr	YTD
(6.0)	(6.6)	18.2	15.0	9.4

Major Shareholders %

Employees Provident Fund Board	18.3
Amanah Saham Nasional Bhd	4.1
Generasi Setia M Sdn Bhd	4.0
FY26 NAV/Share (RM)	2.30
FY26 Net Debt/Share (RM)	1.51

Price Chart



Source: Bloomberg

Company Description

Gamuda is a civil engineering construction company with exposure to property development and water concessions.

- **Inception of Vietnam ventures.** Gamuda's involvement in the Vietnamese real estate market begun since 2007 with its maiden township development – Gamuda City in Hanoi. GL Vietnam has since expanded to Ho Chi Minh City with Celadon City, and is also recognised as the one of the top five best foreign real estate developers.
- **Real estate upcycle supported by infrastructure rush.** Infrastructure developments which provide better connectivity in Ho Chi Minh City are expected to further boost landbank and property values within the region. This includes: a) National Highway 13 expansion (2025); b) new Long Thanh International Airport (2026); c) Cat Lai Bridge & Dong Nai 2 Bridge (2026); and d) Metro Line 1 expansion and other Metro expansion (2026-2030).
- **Focusing on QTPs…** Gamuda Land's Vietnam QTPs offer a significantly shorter exit time frame of 3-5 years and lucrative PBT margin of about 15-20%. Currently, the group has six QTPs which are Eaton Park, Elysian, Artisan Park, The Meadow, Springville and Ambience. The total GDV of these QTPs is about US$2.2b/RM9.5b. Moving forward, Gamuda Land is upping the ante in Vietnam as the group continues to seek landbank acquisition opportunities that fit into the group's portfolio (3-5 potential deals under negotiations currently).
- **…with robust underlying demand, proven by impressive take-up rates.** Gamuda Land has launched 3645 units of Vietnam projects currently, with a total GDV of RM6.17b and over 97% take-up rates. We understand that most of the launches were oversubscribed and purchases are by ballots due to overwhelming demand.

Current Vietnam Projects' Sales Performances

Project Name / Phase	Metric	Total Launched	Total Sold	% Sold
Eaton Park	Unit	2,052	1,935	95%
	GDV (RM' mil)	4,300	3,870	90%
Springville (Phase 1)	Unit	431	431	100%
	GDV (RM' mil)	670	670	100%
Elysian (Phase 1)	Unit	1,028	1,028	100%
	GDV (RM' mil)	980	980	100%
The Meadow (Phase 1)	Unit	134	134	100%
	GDV (RM' mil)	220	220	100%
Total	Unit	3,645	3,528	97%
	GDV (RM' mil)	6,170	5,740	93%

Source: Gamuda Land

- **Vietnam's infrastructure masterplan offers potential opportunities for Gamuda Engineering (GE).** Vietnam's National Masterplan envisions developing more metro lines in Ho Chi Minh City and Hanoi. GE has been involved in multiple countries' (Malaysia, Taiwan, Singapore, Australia) flagship railway projects. Hence, there may be opportunities for GE to pursue Transit-Oriented Development (TOD) collaborations with local partners via public-private partnership (PPP) to jointly develop these metro projects. GE's core strengths over local contractors are its tunnelling expertise and track record. These metro infrastructure projects are estimated to range 40-50km each with significant contract value.

Valuation/Recommendation

- **Raised our FY26-28F earnings forecasts by 2-3%,** as we revised our EBIT margin for Gamuda Land higher to 13% (from 12%) after adjusting margins for Vietnam QTPs higher.
- **Upgrade to BUY with higher SOTP-based target price of RM5.88 (from RM5.75).** Our target price implies 23x FY26F PE (+1.5SD above mean).

Orderbook as of 4QFY25

Projects	Value RMb	Progress %
Malaysia:		
Penang Mutiara Line (60% share)	6.0	7
Silicon Island Phase 1	4.5	13
Rasau WTP Phase 1	1.2	43
Data Center Projects	3.5	28
Upper Padas Hydro Dam (75% share)	2.3	4
Enabling work for DC campus	0.8	24
Sarawak Coastal Highway (65% share)	0.7	0
Australia:		
SMW-WTP	0.7	92
Coffs Harbour Bypass (50% share)	1.0	58
M1 Motorway (40% share)	0.3	75
DTI projects	5.7	67
Taiwan:		
Tao Yuan underground (60% share)	1.0	17
Kaoshiung MRT YC01 (88% share)	2.8	2
Xizhi Donghu MRT (75% share)	2.8	10
Marine Structure (70% share)	2.5	0
Others	0.5	0
Singapore:		
Defu station (60% share)	0.5	49
West Coast Station	1.6	9
Total Orderbook	**38.4**	

Source: Gamuda, UOB Kay Hian

Segmental Forecasts

Revenue (RMb)	FY26F	FY27F	FY28F
Engineering & Construction	16.9	20.0	25.0
Property Dev & Club	4.9	6.6	9.1
Water Concession	0.1	0.1	0.1
Total	**21.98**	**26.79**	**34.20**
EBIT (RMb)			
Engineering & Construction	1.23	1.51	1.81
Property Dev & Club	0.61	0.77	0.96
Water Concession	0.08	0.08	0.08
Total	**1.93**	**2.36**	**2.85**

Source: Gamuda, UOB Kay Hian

SOTP Valuations

	RMm	Remarks
Construction	26,080	25x FY26 PE
Property	10,160	10% discount to RNAV
Water concession	1,772	
Less Net Debt	(4,093)	
Total SOTP value	**33,979**	
Diluted no. of shares (m)	5,770	
Target Price (RM)	**5.88**	

Source: Gamuda, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

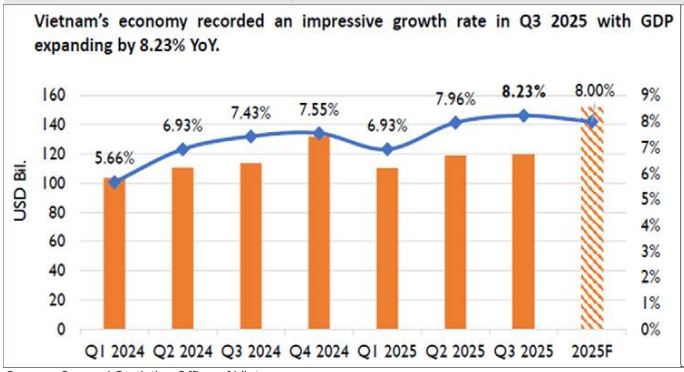
Environmental
- Commits to reducing greenhouse gas emission intensity by 30%/45% in 2025/30.

Social
- Well-diversified workforce in terms of gender: female (43%) and male (57%).

Governance
- Independent directors make up 57% of its board.

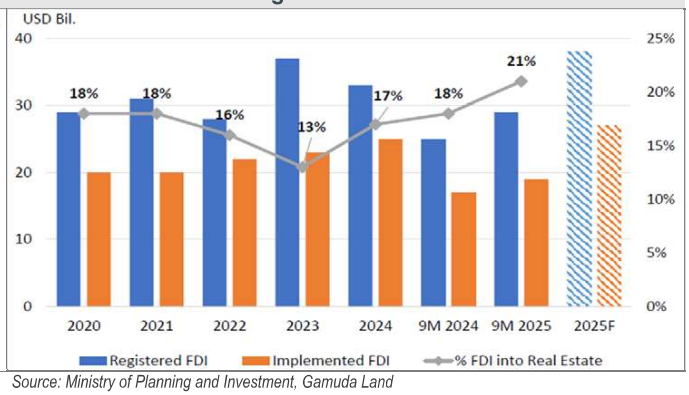
Source: Gamuda, UOB Kay Hian

Vietnam GDP Recorded Impressive Growth Rate



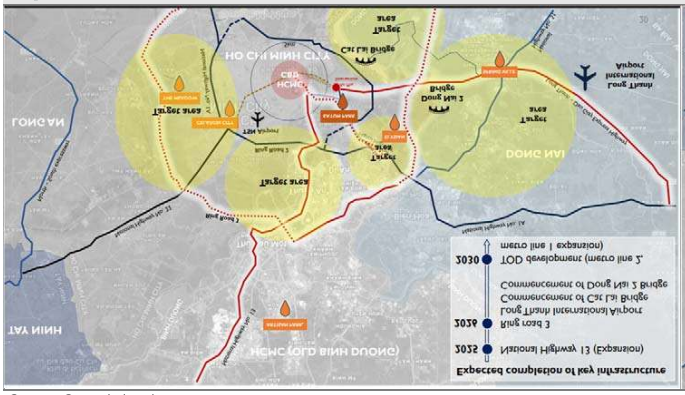
Source: General Statistics Office of Vietnam

FDI Into Vietnam Charting Resilient Growth



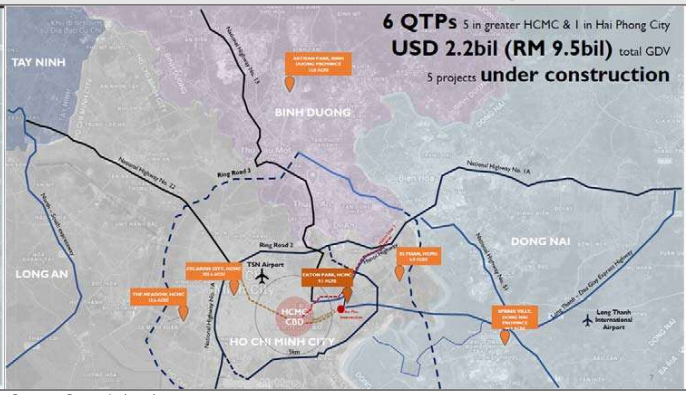
Source: Ministry of Planning and Investment, Gamuda Land

Key Infrastructure and TOD Developments



Source: Gamuda Land

Gamuda Land QTPs In Greater Ho Chi Minh City


6 QTPs 5 in greater HCMC & 1 in Hai Phong City
USD 2.2bil (RM 9.5bil) total GDV
5 projects under construction
TAY NINH
BINH DUONG
DONG NAI
LONG AN
HO CHI MINH CITY

Source: Gamuda Land

Topping Out Ceremony in Elysian Site (5th Nov)

Source: UOB Kay Hian

Topping Out Ceremony in Eaton Park Site (5th Nov)

Source: UOB Kay Hian

Gamuda Land's Vietnam Projects' Projected New Sales

PROJECTS	Area unsold (acres)	Remaining GDV (RM'm)	PROJECTED NEW SALES (RM'm)				
			FY22A	FY23A	FY24A	FY25A	FY26F
1) Gamuda City (Hanoi)	232	11,790	145	580	670	0	970
2) Celadon City (HCMC)	0	134	635	170	90	80	40
3) Artisan Park, Binh Duong (UG5.6)	0	270	0	320	20	60	270
4) Elysian, HCMC (HN2.8)	0	270	0	440	440	10	270
5) Eaton Park, HCMC (MCT3.7)	2	1,994	0	0	970	2,200	1,090
6) Springville, Dong Nai (DX18.2)	45	1,774	0	0	0	270	180
7) The Meadow, HCMC (GP5.0)	8	188	0	0	140	80	30
8) Hai Phong, Hanoi	3	986	0	0	0	0	280
TOTAL (VIETNAM)	**289**	**17,406**	**780**	**1,510**	**2,320**	**2,700**	**3,130**
y-o-y change			***-31%***	***+95%***	***+53%***	**+16%**	**+16%**

Source: Gamuda

Profit & Loss

Year to 31 Jul (RMm)	2025	2026F	2027F	2028F
Net turnover	**15,970**	**21,980**	**26,785**	**34,196**
EBITDA	1,536	2,120	2,556	3,050
Deprec. & amort.	199	193	192	197
EBIT	1,337	1,927	2,363	2,853
Associate contributions	145	83	86	89
Net interest income/(expense)	(179)	(195)	(244)	(267)
Pre-tax profit	**1,304**	**1,815**	**2,205**	**2,674**
Tax	(257)	(363)	(485)	(588)
Minorities	(44)	(61)	(72)	(87)
Net profit	**1,003**	**1,391**	**1,648**	**1,999**
Net profit (adj.)	981	1,391	1,648	1,999

Balance Sheet

Year to 31 Jul (RMm)	2025	2026F	2027F	2028F
Fixed assets	6,441	7,990	9,038	10,085
Other LT assets	4,873	4,943	5,012	5,081
Cash/ST investment	3,260	3,957	4,034	3,988
Other current assets	16,549	20,532	23,378	27,897
Total assets	**31,123**	**37,422**	**41,461**	**47,050**
ST debt	2,493	2,461	2,612	2,773
Other current liabilities	8,212	11,382	13,755	17,510
LT debt	7,637	9,846	10,449	11,092
Other LT liabilities	628	792	850	949
Shareholders' equity	12,000	12,727	13,509	14,353
Minority interest	153	214	286	374
Total liabilities & equity	**31,123**	**37,422**	**41,461**	**47,050**

Cash Flow

Year to 31 Jul (RMm)	2025	2026F	2027F	2028F
Operating	**(81)**	**914**	**1,411**	**1,530**
Pre-tax profit	1,304	1,815	2,205	2,674
Tax	(257)	(363)	(485)	(588)
Deprec. & amort.	159	193	192	197
Associates	(145)	(83)	(86)	(89)
Working capital changes	(1,141)	(648)	(415)	(665)
Other operating cashflows	0	0	0	0
Investing	**(1,255)**	**(1,721)**	**(1,223)**	**(1,225)**
Capex (growth)	(1,291)	(221)	(223)	(225)
Proceeds from sale of assets	20	0	0	0
Others	16	(1,500)	(1,000)	(1,000)
Financing	**1,838**	**1,503**	**(111)**	**(351)**
Dividend payments	(154)	(664)	(866)	(1,154)
Issue of shares	195	0	0	0
Proceeds from borrowings	2,337	2,168	754	803
Others/interest paid	(540)	0	0	0
Net cash inflow (outflow)	**502**	**696**	**77**	**(46)**
Beginning cash & cash equivalent	**2,596**	**3,260**	**3,957**	**4,034**
Changes due to forex impact	(85)	0	0	0
Ending cash & cash equivalent	**3,013**	**3,957**	**4,034**	**3,988**

Key Metrics

Year to 31 Jul (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	9.6	9.6	9.5	8.9
Pre-tax margin	8.2	8.3	8.2	7.8
Net margin	6.3	6.3	6.2	5.8
ROA	4.2	5.1	5.6	6.2
ROE	10.0	13.4	15.3	17.8
Growth				
Turnover	249.8	381.5	486.8	649.1
EBITDA	71.2	136.3	184.8	239.9
Pre-tax profit	(98.6)	(98.0)	(97.6)	(97.0)
Net profit	43.3	98.6	135.3	185.4
Net profit (adj.)	11.0	41.7	18.5	21.3
EPS	(37.4)	(11.3)	0.8	22.3
Leverage				
Debt to total capital	83.4	95.1	94.7	94.1
Debt to equity	84.4	96.7	96.7	96.6
Net debt/(cash) to equity	57.2	65.6	66.8	68.8
Interest cover	8.6	10.9	10.5	11.4

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